

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-04

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5739

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 14995

E.O. 11652: XGDS

TAGS: EGEN, EEC, UK

SUBJECT: EC RENEGOTIATION

1. MICHAEL BUTLER (ASSISTANT UNDER SECRETARY, FCO) GAVE AN ACCOUNT OF THE CURRENT STATE OF PLAY IN EC RENEGOTIATION DURING A CONVERSATION ON NOVEMBER 15 WITH EUR/RPE DIRECTOR PREEG AND EMBASSY OFFICERS.

2. BUTLER SAID THAT THE UK WAS MAKING A PROPOSAL TO THE EC PERMREPS ON NOVEMBER 15 CONCERNING THE EC BUDGET. IT SUGGESTED THAT THE COMMUNITY ADOPT A "FORM OF WORDS"

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STATING THAT A MEMBER STATE WHOSE PER CAPITA GDP IS BE-

LOW THE COMMUNITY AVERAGE SHOULD NOT BE EXPECTED TO BEAR THE BURDEN OF AN EC BUDGET CONTRIBUTION THAT IS DIS- PROPORTIONATE TO ITS SHARE OF TOTAL COMMUNITY GDP. ONCE THIS PRINCIPLE HAD BEEN ACCEPTED, THE MEMBER STATES COULD ASK THE COMMISSION TO PROPOSE WAYS TO PUT IT INTO EFFECT.

3. ACCORDING TO BUTLER, IT WAS CLEAR FROM THE NOVEMBER 12 MEETING OF THE EC COUNCIL THAT THE UK HAD MADE CON- siderable progress "EVERYWHERE EXCEPT IN FRANCE AND GERMANY" IN DEMONSTRATING THAT THE PRESENT BUDGETARY SYS- TEM IS UNFAIR. IT REMAINS TO BE SEEN WHETHER THE FRENCH WILL MOVE AT ALL. THEY MIGHT BE MORE LIKELY TO DO SO IF THE GERMANS BECOME MORE FORTHCOMING, BUTLER SAID, BUT "IT'S A BIT OF A CLIFF-HANGER".

4. THE UK WILL TRY TO PERSUADE THE COUNCIL TO AGREE ON ITS "FORM OF WORDS" AT THE MEETING ON DECEMBER 2-3. IF THIS DOES NOT WORK, THE UK WILL RAISE THE PROBLEM AT THE EC SUMMIT. IF NO AGREEMENT CAN BE REACHED THERE, BUTLER SAID, "WE'LL BE IN A CONFRONTATION SITUATION".

5. THE BUDGET, BUTLER SAID, IS THE ONLY DIFFICULT ISSUE IN RENEGOTIATION. HE IS CONFIDENT THAT AGRICULTURE WILL BE TAKEN CARE OF IN THE DISCUSSIONS ON PRICES AND THE "STOCKTAKING" OF THE CAP THAT WILL TAKE PLACE EARLY NEXT YEAR. AMPLE PROGRESS HAS ALREADY BEEN MADE ON TRADE AND AID. SOME PROBLEMS REMAIN WITH REGARD TO THE COORDINA- TION OF REGIONAL AIDS AND INDUSTRIAL POLICY, BUT THEY ARE NOT LIKELY TO BE SERIOUS ACCORDING TO BUTLER.

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